CASHFLOW IN THE GENERAL FUND, SCHOOL EQUALIZATION, AND HIGHWAYS ACCOUNTS FY92 AND FY93

A Report Prepared for the

Legislative Finance Committee

by

Teresa Olcott Cohea
Terry W. Johnson

November 15, 1991

Legislative Fiscal Analyst

EXECUTIVE SUMMARY

Declining Cash Balances

Since fiscal 1989, cash balances in the general fund, school equalization account (SEA), and highways account have been steadily declining. At the end of fiscal 1989, the combined cash balance in these three accounts was $206.1 million. The Department of Administration (D of A) projects a combined $16.9 million cash balance in these three accounts by the end of fiscal 1993. D of A's projections are based upon: 1) the Office of Budget and Program Planning's (OBPP) revised revenue estimates; and 2) the implementation of $67.9 million of gubernatorial budget reductions/adjustments during the 1993 biennium. This is the lowest cash position in these three accounts in over a decade.

General Fund

For ten of the last twelve months, the state general fund has been in a cash deficit position as a result of loans to the SEA. Since November 1990, the general fund has had continual loans from the highways account. At the end of October, 1991, the outstanding loan balance was $64.3 million. On October 30, 1991, the Board of Examiners authorized the sale of $85.0 million in Tax and Revenue Anticipation Notes (TRANS) to supplement cashflow in the general fund until anticipated revenue is received later this fiscal year. The maturity date for the TRANS is June 25, 1992. The need for the TRANS sale was underscored by the extremely low cash balance in the general fund during the week before the TRANS proceeds were received. Despite the

substantial loan from the highway account, the general fund cash balance was negative for two days in early November.

D of A projects that next year TRANS will have to be issued by July 15, 1992, in order to meet fiscal 1993 cashflow needs. A loan of approximately $30 million from the highways account will be needed in June, 1993, to repay the notes. In addition, D of A projects that the general fund will need to carry an $11.1 million loan from the highways account through fiscal year end in order to maintain a positive cash balance.

TRANS

TRANS are designed to supplement cashflow in the general fund by providing cash to pay expenditures until anticipated revenue is received later in the fiscal year. After the 1979 legislature authorized the issuance of such notes, the state issued TRANS annually from fiscal 1980 through 1988, with the exception of 1984.

Under Montana law, TRANS must be repaid within the fiscal year and cannot be used to finance deficit spending. The "full faith and credit and taxing power of the state" is statutorily pledged for the repayment of TRANS.

Historically, Montana has enjoyed the highest possible short-term borrowing rate from national rating firms--Standard and Poor's and Moody's Investors Service. In mid-October, these national rating firms reviewed the fiscal 1992 issue and continued Montana's high rating. A downgrade in bond ratings can result in higher interest rates.

The fiscal 1992 TRANS were sold at a net interest cost of 4.187 percent. If the TRANS proceeds are invested at an anticipated 5.6 percent, D of A estimates net interest earnings (less issuance costs) will be approximately $650,000.

School Equalization Account

The primary reason for the general fund's cashflow problem is loans to the SEA. In November 1990, the Office of Public Instruction (OPI) received a $62.7 million loan from the general fund to pay statutorily mandated school equalization payments. While some of the loan was repaid during the fiscal year, the SEA carried a $43.6 million general fund loan into fiscal 1992. This loan is expected to grow to $78.6 million in November 1991 and $83.2 million at the end of fiscal 1993. Several factors are causing the cashflow problems in the SEA:

1) Revenue shortfalls. Fiscal 1991 SEA revenues were $30.4 million less than anticipated and OBPP projects fiscal 1992 and 1993 SEA revenues will be an additional $21.4 million less.

2) Increased expenditures. While the new school equalization program enacted during the 1989 special session was designed to be funded entirely from revenues earmarked to the SEA, expenditures are higher than anticipated. The costs of the guaranteed tax base (GTB) program are approximately $17 million more per year than anticipated. In addition, the 1991 legislature funded $7.8 million of increased transportation costs from the SEA.

3) Payment schedule. The new school equalization program requires that OPI disburse 20 percent of the annual foundation and GTB payments by July 15, 7 percent each month thereafter, with the remaining balance in June. As a result, 47 percent of the annual disbursements from the account are made in the first five months of the fiscal year. However, less than 25 percent of the account's annual revenue is received during this period.

4) Size of payments. Under the new school equalization program, the state's payment to local school districts increased by $110 million. While this increase in state support was primarily due to a shift in payments and tax revenues from local districts and did not reflect an absolute increase for districts, the state's out-of-treasury payments increased substantially, exacerbating the timing "mismatch" between revenue collections and disbursements and necessitating larger loans from the general fund.

The report examines legal issues associated with the continuing general fund loans to the SEA.

Highways Account

The highways account cash balance increased substantially in fiscal 1987 when the Department of Transportation (DOT) refinanced $107 million in outstanding bonds and issued an additional $43 million in bonds. However, the cash resulting from the bond proceeds has been spent, and expenditures are currently exceeding revenues. DOT projects that the account's cash balance will decline from $90.1 million at the beginning of fiscal 1992 to $27.9 million at the end of fiscal 1993. Approximately $11.1 million of this cash

balance will need to be loaned to the general fund at fiscal year end, leaving the highways account with a $16.8 million cash balance.

Concerns About Cashflow Projections

Based on a detailed analysis of D of A's cashflow projections, it appears that revenues may be overstated and expenditures understated. As a result, the cash balances in the general fund and SEA may be substantially lower in both 1992 and 1993 than shown in the D of A's documents.

Overstated Revenues

The revenues shown in the fiscal 1992 cashflow are $6.1 million higher than OBPP's revised revenue estimates because actual collections are shown for the first three months of the fiscal year. There were a number of one-time "anomalies" during these months that inflated revenue collections. However, D of A's cashflow projections did not adjust estimated revenues for the remaining months to reflect these anomalies.

Understated Expenditures

The projected expenditures for fiscal 1992 and 1993 do not include any supplementals, other than $3 million per year in fire suppression costs. For the last three biennia, general fund supplementals have averaged more than $20 million. During the 1987 biennium, supplementals were unusually high ($25.8 million) after the series of gubernatorial budget cuts in fiscal 1986 and 1987 and legislative budget reductions imposed during the 1986 special session.

Medicaid, welfare, and foster care costs exceeded appropriated levels, requiring larger-than-usual supplementals.

The projections assume that the same level of reversions experienced in fiscal 1991 ($10.2 million) will occur in fiscal 1992, despite the budget reductions imposed in the Executive Order. In fiscal 1991, no vacancy savings was imposed on agencies. In fiscal 1992, the legislature imposed an average 4 percent and the Executive Order imposed an additional $4.0 million in vacancy savings. As a result, some agencies will have to generate 6 to 12 percent vacancy savings in order to live within their appropriations. Historically, higher vacancy savings rates reduce reversions.

D of A's cashflow projections do not include: 1) approximately $4.4 million of general fund loans authorized by the 1991 legislature for the Department of Health and Environmental Sciences and planning work on the women's prison; or 2) $2.4 million in general fund appropriated in the long range building program.

The cashflow projections assume that $67.9 million of "budget balancers" imposed by the Governor in fiscal 1992 and fiscal 1993 will be realized. The report note that agencies may have difficulty achieving the increased revenue collections and reduced Medicaid and welfare costs contained in the Executive Order.

Outlook for the Future

Based on D of A's projections, one or more of the following must occur in order to ensure positive cashflow in the general fund in fiscal 1993:

1) revenues exceed OBPP's revised revenue estimates;

2) expenditures be reduced by more than the $67.9 million of gubernatorial "budget balancers" shown in D of A's cashflow projections;

3) the general fund begin borrowing from funds other than the highways account. Since there are no large accounts whose interest is deposited in the general fund, this would require borrowing from accounts that retain their own interest or from trust funds.

In addition, assuming that OBPP's revised revenue estimates are correct, the 1993 legislature will have to increase revenues or reduce expenditures in all three accounts in order to maintain positive cash balances in the accounts during the 1995 biennium.

$85 MILLION TRANS ISSUE

On October 30, 1991, the Board of Examiners authorized the sale of $85.0 million in Tax and Revenue Anticipation Notes (TRANS). These notes, with a maturity date of June 25, 1992, are designed to supplement cashflow in the general fund by providing cash to pay expenditures until anticipated revenue is received later in the fiscal year. The state deposited the proceeds of the TRANS sales in the general fund on November 6.

After the 1979 legislature authorized the issuance of such notes, the state issued TRANS annually from fiscal 1980 through 1988, with the exception of 1984. Table 1 shows the amount issued in each year. From 1979 - 1986, total TRANS outstanding at one time could not exceed $50 million. During the June 1986 special session, the legislature repealed the $50 million limit.

Montana statutes place a number of limitations on the issuance of TRANS. The notes:

1) "must be paid from taxes and revenues not later than the end of the fiscal year in which issued";

2) "shall be for the purposes and within the amount of appropriations made for the fiscal year...Appropriations during any biennium are limited to projected revenue, exclusive of notes issued in anticipation of revenue."

In addition, Montana's constitution provides: "No state debt shall be created to cover deficits incurred because appropriations exceeded anticipated revenues" (Article VIII, Section 8).

Section 17-1-204(2) provides that "the full faith and credit and taxing power of the state shall be pledged for the payment of [these] notes." While

TABLE 1 TRANS Issued, FY80-FY91	
Issue	Amount of Issue (Millions)
FY80	$40.0
FY81	45.0
FY82	45.0
FY83	47.0
FY84	0
FY85	38.0
FY86	46.0
FY87	83.2
FY88 (two issues)	56.0
FY89	0
FY90	0
FY91	0
FY92	85.0

general fund revenues are the anticipated source of repayment, in the current TRANS resolution the state pledges "to apply to the extent necessary all legally available funds and revenues of the State treasury, in addition to taxes and revenues in the general fund, to the payment of the principal of and interest on the notes". As discussed below, a loan of approximately $12 million from the highways account will be needed in fiscal 1992 to help repay the TRANS.

TRANS EARNINGS

Historically, the state has "made money" as a result of issuing TRANS, since the bonds are issued at tax exempt rates, while the proceeds can be invested at market rates until needed for cashflow purposes. The "spread" or arbitrage between the two rates has in past issues been enough to offset the costs of issuance and provide additional interest to the general fund.

Since, however, tax exempt issues are a drain on the federal treasury, Congress enacted several provisions to limit the amount of arbitrage that states

could earn on TRANS issues, as part of the Federal Tax Reform Act of 1986. Two of the most important provisions were:

1) the size of the issue may not exceed 110 percent of the highest projected deficit in any month; and

2) 90 percent of the proceeds from the note sale must be spent within six months of the issue date.

If a state fails to meet these requirements, it must remit all earnings above a certain interest rate from the TRANS issue.

Montana's high bond rating is an important factor in interest earnings. Historically, Montana has enjoyed the highest possible short-term borrowing rating: a SP1+ from Standard and Poor's and a MIG1 from Moody's Investors Service, Inc. In mid-October, these national rating firms reviewed the fiscal 1992 TRANS issue and continued Montana's high rating. A downgrade in bond ratings can result in higher interest rates.

The fiscal 1992 TRANS were sold at a net interest cost of 4.187 percent. If the TRANS proceeds are invested at the anticipated Short-Term Investment Pool (STIP) rate (5.6 percent), the Department of Administration (D of A) estimates net interest earnings (less issuance costs) will be approximately $650,000. Table 2 shows the state's cost of issuing TRANS and the estimated net interest.

TABLE 2 Net Earnings From TRANS Issue		
Interest Earned		$3,029,807
Premium		169,000
Cost of Issuance		<115,000>
Rating Agencies	<24,500>	
Bond Counsel	<42,000>	
Financial Advisors	<35,400>	
Other Costs	<13,100>	
Interest Due		<2,433,125>
Net Interest Earnings		$650,682

This is near the $0.75 million net TRANS interest anticipated in the legislature's fiscal 1992 revenue estimate in House Joint Resolution 24 (HJR24). While HJR24 anticipated a smaller issue ($50 million), it assumed that TRANS would be sold in July, maximizing the period of time during which interest would be collected.

Historically, Montana has sold TRANS in the first three months of the fiscal year. Of the ten TRANS issues to date, three were sold in July, one in August, and three in September. While one issue was sold in November 1987, the state had already issued $46 million of TRANS in July. Only the fiscal 1983 and fiscal 1992 issues were sold more than three months into the fiscal year.

D of A staff state that an earlier issue of the fiscal 1992 TRANS was problematic, given the uncertainty concerning the general fund budget. They felt it was necessary to wait until the Office of Budget and Program Planning (OBPP) had completed its revised revenue estimates and the Governor's

Executive Order was issued, allowing a more precise estimate of cashflow deficits. Further, the $31.4 million of "budget balancers" contained in the Executive Order were necessary to demonstrate that the TRANS could be repaid within fiscal 1992 and were not issued to fund a budget deficit.

CASHFLOW IN GENERAL FUND, SEA AND HIGHWAYS ACCOUNTS

Declining Balances

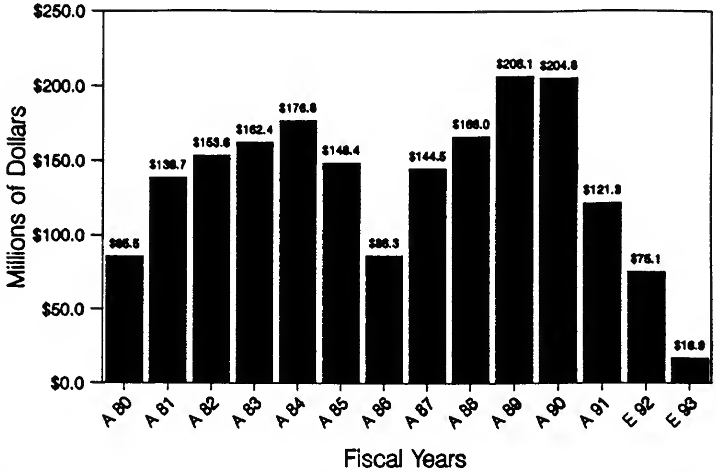
Since fiscal 1989, cash balances in the general fund, SEA, and highways accounts have been steadily declining. As shown in Attachment B, D of A estimates that by the end of fiscal 1993, the general fund will have a $100,000 cash balance, the SEA will have an outstanding loan, and the highways account will have a cash deficit of $3.1 million.[1] These D of A cashflow estimates are based upon: 1) OBPP's revised revenue estimates; and 2) the implementation of $67.9 million of gubernatorial budget reductions/adjustments during the 1993 biennium. As the graph on the following page shows, this is the lowest cash position in these three accounts for over a decade. While cashflows declined due to revenue shortfalls in fiscal 1985 through 1987, gubernatorial budget reductions in fiscal 1986 and 1987 and the nearly $100 million of budget reductions, funds balance transfers, and revenue increases enacted during the 1986 special session were sufficient to maintain positive cash balances in all three accounts.

---

[1] As discussed on Page 7, D of A's projections do not include a $20 million cash balance the Department of Transportation maintains as a "minimum working balance".

Combined Cash Balances

General Fund, SEA, Highway Revenue



Cash Balances
Figures in Millions

	General Fund	State Equalization	Highways Account	Grand Total
A 80	41.828278	5.987398	37.714839	85.530515
A 81	72.043091	35.181281	31.493474	138.717846
A 82	41.021277	58.657534	53.965357	153.644168
A 83	64.983150	7.401153	89.974728	162.359031
A 84	40.448007	3.273393	133.090070	176.811470
A 85	12.770093	15.944331	119.663203	148.377627
A 86	11.215799	0.730084	74.308006	86.253889
A 87	10.179130	2.055255	132.237660	144.472045
A 88	19.257366	7.456281	139.246561	165.960208
A 89	61.775402	0.013957	144.344592	206.133951
A 90	48.938725	26.382499	129.525790	204.847014
A 91	12.450703	18.766577	90.051932	121.269212
E 92*	8.100000	0.000000	66.955156	75.055156
E 93*	0.100000	0.000000	16.777702	16.877702

*Includes outstanding loans from general fund to SEA and from highways account to general fund.

This graph shows the combined cash balances in the three accounts at fiscal year end, as reported on SBAS and DOT records. For fiscal 1992 and 1993, the cash balances are those estimated by D of A and Department of Transportation (DOT) staff, based on OBPP's revised revenue estimates and implementation of $31.4 million of gubernatorial budget reductions/adjustments in fiscal 1992 and $36.5 million in fiscal 1993. While D of A's preliminary cashflow estimate for fiscal 1993 (Attachment B) shows a projected $3.1 million cash deficit in the highways account at the end of the biennium (after loans to the general fund), it **excludes** a $20 million cash balance DOT maintains as a minimum working balance (one month's cashflow). In the graph, DOT's $20 million minimum working cash balance is **included**, to represent the total estimated cash available in the account.

If D of A's preliminary cashflow projections are correct, substantial revenues will need to be transferred into these accounts during fiscal 1993 or expenditures will have to be reduced more than the $36.5 million contained in the projected gubernatorial cuts in order to maintain working cash balances in the accounts at the end of the biennium. In addition, assuming that OBPP's revised revenue estimates are correct, the 1993 legislature will have to increase revenues or reduce expenditures in all three accounts in order to maintain a balanced budget in the 1995 biennium.

The next section of the report: 1) describes the difference between a cash balance and a fund balance; 2) discusses the reasons for the declining cash balance in each account; and 3) analyzes the revenue and expenditure assumptions D of A used in preparing the cashflow estimates for fiscal 1992

and 1993. This analysis suggests that the cash balances may be even lower than estimated by D of A in both years of the biennium.

Cash Balance vs. Fund Balance

It is important to note the difference between a cash balance and a fund balance. A cash balance reflects actual cash on hand in the account. A fund balance includes all assets (cash, interentity loans, and accounts receivable) minus liabilities (such as accounts payable and outstanding loans). Normally, fund balances are higher than cash balances.

The following table illustrates the differences between cash balances and fund balances in the general fund. The cash balances are those shown in D of A's cashflows. The cash and fund balances are based on OBPP's revised revenue estimates, the "budget balancers" contained in Executive Order 28-91, and the projected $36.5 million of gubernatorial budget cuts in fiscal 1993 included in D of A's cashflow. As this table illustrates, the anticipated fund balance is higher than the cash balance in both years.

Table 3 shows cash and fund balances at fiscal year end (FYE). Within a fiscal year, an account with a positive fund balance may experience cashflow problems if expenditures occur faster than revenue is received. TRANS are designed to address this problem by providing needed cash prior

TABLE 3
Cash Balances vs. Fund Balance

	FYE92	FYE93
GENERAL FUND	(Millions)	
Fund Balance	$38.6	$12.1
Cash Balance	8.1	0.1

to the receipt of tax revenue. However, under both state and federal law, TRANS cannot be used to fund deficit spending that extends beyond fiscal year end.

General Fund

For ten of the last twelve months, the state general fund has been in a cash deficit position as a result of making loans to the SEA. Since November, 1990, the general fund has had continual loans from the highways account. The general fund borrowed $52.7 million in November 1990 from the highways account, repaid $40 million in May and June, bringing the loan balance carried into fiscal 1992 down to $12.7 million. A series of loans were necessary in August through October, resulting in an outstanding loan of $64.3 million at the end of October, 1991. D of A recently repaid this loan with the TRANS proceeds. However, an additional loan of approximately $12 million from the highways account will be necessary in June 1992 to repay the TRANS issue.

The need for the TRANS sale was underscored by the extremely low cash balances in the general fund, school equalization (SEA), and highways account during the week before the TRANS proceeds were received. As shown in Table 4, the combined cash balances in these three accounts dropped to less than $14 million during that week, and on November 4 and 5, the general fund was in a deficit cash position. The $14 million cash balance represented less than four days' normal cash outflow from these accounts.

TABLE 4 Cash Balances Shown on SBAS (Millions)						
	10/29	10/30	10/31	11/1	11/4	11/5
General Fund	$4.3	$5.4	$5.5	$7.1	<$4.5>	<$3.3>
SEA	17.2	10.8	4.2	5.1	5.7	6.5
Highways	5.3	11.1	10.3	10.9	12.4	12.6
Total	$26.8	$27.3	$20.0	$23.1	$13.6	$15.8

If TRANS had not been sold, D of A would have had to borrow funds from other accounts to loan to the general fund until tax revenues were received later in the fiscal year. This would have required borrowing funds from a number of smaller accounts, since the highways account is the only large non-trust account whose interest is deposited in the general fund.

The general fund's cashflow position will worsen in fiscal 1993. As Attachment B shows, D of A anticipates that an estimated $30 million loan from the highways account will be necessary to repay the TRANS in June, 1993, and the general fund will require an $11.1 million loan from the highways account even after fiscal year end revenues are received in July.

School Equalization Account (SEA)

Reason for Large Loans to SEA

The primary reason for the general fund's cashflow problem is loans to the SEA. In November 1990, the Office of Public Instruction (OPI) received a $62.7 million loan from the general fund to pay statutorily mandated school equalization payments. While OPI repaid $30 million of this loan in December and May, it needed an additional $10.9 million loan in June. As a result,

the SEA carried a $43.6 million general fund loan into fiscal 1992. This loan is anticipated to grow to $78.6 million in November 1991. As property tax and other revenues come in later in the fiscal year, a portion of the loan will be repaid. However, D of A estimates that the outstanding loan will be $54.8 million at the end of fiscal 1992 and will grow to $83.2 million at the end of fiscal 1993.

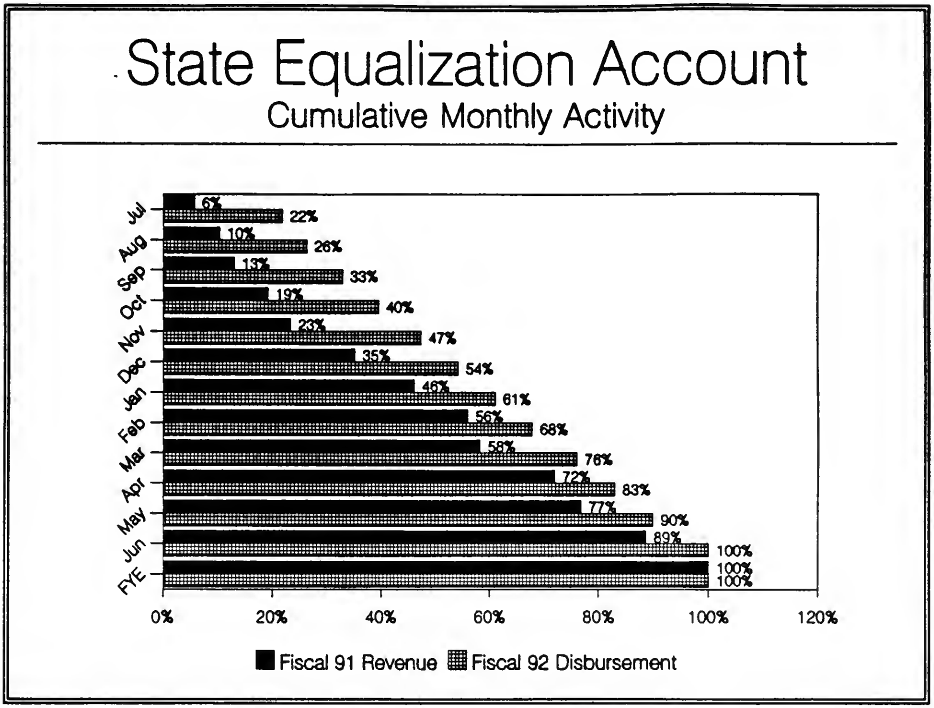
Several factors are causing this serious cashflow problem in the SEA:

1) *Revenue shortfalls.* Fiscal 1991 revenues into the SEA were $30.4 million less than anticipated. After adjustments for late payments, OBPP's revised revenue estimates assume that fiscal 1992 SEA revenues will be $9.9 million and $11.5 million in fiscal 1993 below HJR24 revenue estimates. OBPP projects that the SEA will require a $48.0 million general fund supplemental appropriation to end fiscal 1993 with a positive fund balance.

2) *Increased expenditures.* The new school equalization program enacted during the 1989 special session was designed to be funded entirely from the SEA. The revenues earmarked for the account were increased to fund the anticipated cost of the new foundation schedules and guaranteed tax base (GTB) payments. However, GTB costs were much higher than the $28.5 million per year anticipated during the 1989 special session. In the first year of the program, actual GTB costs totalled $44.4 million and will total $45.7 million in fiscal 1992, based on OPI's preliminary data. Higher-than-anticipated GTB costs during the 1993 biennium are one of the reasons revenue earmarked for the SEA is insufficient to fund the equalization program. Further, the 1991 legislature funded $7.8 million of increased transportation

costs from the SEA, contributing to the imbalance between revenues and expenditures.

3) *Payment schedule.* There is a significant "mismatch" in the timing of disbursements from the account and receipt of revenue into the account. As the following graph shows, under current law approximately 47.0 percent of the annual disbursements from the account are made in the first five months of the fiscal year. However, less than 25 percent of the account's annual revenue is received during this period.



This timing "mismatch" of disbursements and revenues was intensified by House Bill 28, the new school equalization program that became effective in fiscal 1991. The new law requires that OPI disburse 20 percent of the

estimated annual school foundation and GTB payments in July and 7 percent each month thereafter, with any remainder paid in June. In fiscal 1992, $64.9 million was disbursed in July, approximately $20 million per month will be disbursed in August through May, with an anticipated final payment of $29.3 million in June. While the same law was in effect for fiscal 1991, OPI did not begin disbursing GTB payments until November, due to lack of school district data.

Prior to fiscal 1991, OPI distributed foundation payments later in the school year, after SEA revenue was received. For example, throughout most of the 1980's, equal-sized payments were made five times per year (September, January, February, March, and June) and permissive levy payments twice a year (January and May). The June 1986 special session amended the law to require that 20 percent of the total be distributed in July, but did not specify a schedule for future distributions. In fiscal years 1987 though 1990, OPI distributed 20 percent of the estimated annual payment in July, but retained the previous schedule (January, February, March, and June) for subsequent payments.

4) *Size of payments.* Another provision of House Bill 28--the growth in state support--also impacted cashflow. Under the new school equalization program, the state's payment to local school districts increased substantially--from $187.2 million in fiscal 1990 to $296.6 million in fiscal 1991. Fiscal 1992 payments are expected to total $296.7 million. This $110 million increase in state support was primarily due to a shift in payments and tax revenue from local districts to the state and did not reflect an absolute increase for districts. Nevertheless, the state's out-of-treasury payments increased substantially, exacerbating the mismatch between revenue collections and disbursements and necessitating larger loans from the general fund.

Legal Issues Associated With Loans to SEA

The chief legal counsel for the Commissioner of Higher Education (CHE) has questioned whether current law allows the D of A to continue issuing loans from the general fund to the SEA, in light of SEA's projected negative fund balance. In a September 19, 1991, memo to the Board of Regents, CHE's legal counsel made two points:

1) Section 17-2-107(2)(a) allows D of A to issue loans "if there is reasonable evidence that the income will be sufficient to repay the loan within a calendar year." Under OBPP's revised revenue estimates, the SEA will have a negative fund balance of $17.4 million in fiscal 1992 and $48.0 million in fiscal 1993. OPI will not be able to repay loans made to the SEA in fiscal 1991 and 1992 until the 1993 legislature approves a $48 million general fund supplemental for the account.

2) A 1988 Attorney General's opinion held:

> Your specific question is whether an interaccount loan may be made to a special revenue account when the borrower anticipates no income with which to repay the loan, other than the possibility of a supplemental appropriation sometime in the future. <u>I conclude that reliance on the possibility of a supplemental appropriation does not meet the requirement of reasonable evidence of future income [required by 17-2-107]</u>.(emphasis added)

Based on the statute and Attorney General's opinion, the Board's chief legal counsel then concluded: "Applying the above opinion to the facts at hand, it seems apparent that there is a serious question as to whether or not a legal method exists to divert money from the general fund to the foundation program as planned."

D of A's chief legal counsel has reviewed the same question and reached a different conclusion. He argues that Section 20-9-351 provides a statutory exception to the loan repayment language. Section 20-9-351 requires that OPI

request a general fund supplemental if the money available in the SEA is insufficient to make foundation program payments. In light of this language, and Montana's constitutional requirement that the state fund a portion of the K-12 costs, D of A's chief legal counsel concludes that "it is reasonable to interpret all of the cited law to hold that the requested loans [to the SEA] are required to be made."

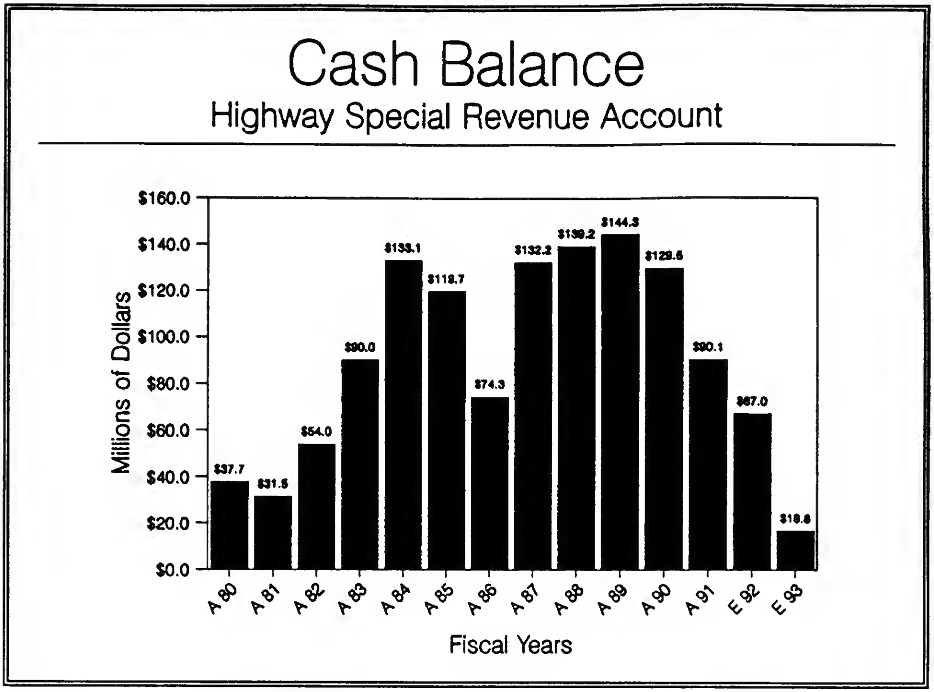
Nicholson et al. v. Stephens and State of Montana, the lawsuit challenging Executive Order 28-91 and the law authorizing gubernatorial budget reductions that was filed in district court in late October, also raises this issue, asserting that the continuing loans to the SEA "are in violation of [state law] and constitute an arrogation of the legislative power to appropriate...."

Highways Account

As noted above, the general fund has been borrowing substantial amounts from the highways account since November 1990. In November 1991, the loan reached $64.3 million. While D of A recently repaid this loan with the TRANS proceeds, it will need to borrow approximately $12 million from the highways account in June to repay a portion of the TRANS issue. D of A plans to issue TRANS in mid-July to meet the cashflow needs of the SEA.

These loans were possible because the highways account has had a large cash balance since 1987 when the Department of Transportation (DOT) refinanced $107 million in outstanding bonds and issued an additional $43 million in bonds. However, the cash balance resulting from the bond proceeds has been depleting rapidly over the last two biennia, as the graph on the following page shows. The cash balance in the highways account was spent

down by $54.3 million during the 1991 biennium. During the 1993 biennium, it will be spent down by a further $73.3 million.[2] As a result, the account will have a projected $16.8 million cash balance by the end of fiscal 1993, according to DOT calculations, after making the $11.1 million loan needed to keep the general fund cash positive.[3]



[2] The reasons for the depletion of the highways account are discussed at length in a report presented to the Legislative Finance Committee in August, 1990 State Highway Funds: Budget Projections). In that report and above, the fund balances in three accounts (the highways special revenue account, the reconstruction trust fund account and the bond proceeds account) are combined, since all funds from these accounts are transferred to the highways special revenue account for expenditure. The actual fiscal year end cash balances for FY80-91 and the projections for FY92-93 were prepared by DOT.

[3] The fiscal 1992 cashflow as printed in the TRANS official statement and D of A's preliminary cashflow for fiscal 1993 show a $20 million lower cash balance in the highways account, since DOT does not consider $20 million of its cash balance as "loanable" due to its own cashflow needs. However, in order to present a complete picture of available cash, the graph includes the entire estimated cash balance in the highway account.

Analysis of Fiscal 1992 General Fund Cashflow

Attachment A is the general fund cashflow printed in the TRANS official statement. This cashflow incorporates OBPP's revised revenue estimates and the budget adjustments/reductions imposed in Executive Order 28-91. The cashflow shows that the general fund will have an $8.1 million cash balance at the end of fiscal 1992. However, there are several key factors concerning this cashflow that suggest that the cash balance may be significantly less:

1) the June estimate revenue column contains $20.1 million of cash that is not received until July, as part of the fiscal year end process. So, D of A will need to borrow approximately $12 million from the highways account in June 1992 to repay the TRANS issue.

2) the revenues shown in the cashflow are $6.1 million higher than OBPP's revised revenue estimate. This occurred because <u>actual</u> collections are shown for the first three months of the fiscal year. As the Budget Director noted in a recent memo to legislators, there were a number of one-time "anomalies" (i.e. liquor excise tax and institution reimbursement) during the first three months of fiscal 1992 that inflated revenue collections. However, D of A's cashflow did not adjust estimated revenues for the remaining months to reflect these anomalies. As a result, the fiscal 1992 general fund revenues shown in the official statement are $6.1 million higher than OBPP's revised revenue estimate.

3) the projected expenditures do not include any supplementals. While the projected expenditures include $3.0 million in fire suppression costs (the

fiscal 1991 general fund cost), the Department of State Lands estimates that the general fund costs of this fall's fires will exceed this amount by over $1.0 million, with any fires this spring increasing that total. Any expenditures for medicaid, foster care, or welfare costs beyond the appropriated levels will also reduce the projected $8.1 million cash balance.

4) the cashflow assumes that the same level of reversions experienced in fiscal 1991 ($10.2 million) will occur in fiscal 1992, despite the budget reductions imposed in the Executive Order. In fiscal 1991, no vacancy savings were imposed on agencies. For fiscal 1992, the legislature imposed an average 4 percent vacancy savings. An additional $4.0 million of vacancy savings resulted from Executive Order 28-91. Some major general fund agencies will have to generate 6 to 12 percent vacancy savings to live within their fiscal 1992 appropriations. Historically, higher vacancy savings rates reduce reversions.

5) the cash flow assumes that the entire amount of "budget balancers" contained in the Executive Order will be realized.[4] As discussed in our October 4 Analysis of Governor's Budget Balancers for Fiscal 1992, it is questionable whether some of the budget reductions will be realized in fiscal 1992. Specifically:

> a) the $1.9 million in additional income and corporation tax collections due to increased audit efforts may be difficult to achieve, in addition to the $4.3 million increased audit collections already contained in the biennial revenue estimates.

---

[4] The TRANS cashflow shows $29.7 million in Governor's budget reductions being realized in October - June. D of A's staff note that the cashflow assumes that $1.7 million of savings were achieved in the first three months of the fiscal year.

b) SRS anticipates a $4.6 million general fund reduction (7.1 percent) in medicaid expenditures due to caseload decreases. Based on available fiscal 1992 data, it is difficult to determine whether this reduced caseload estimate is realistic. In the past several biennia, caseloads have often exceeded estimates. For example, SRS received a $12.2 million general fund supplemental from the 1991 legislature, due primarily to larger-than-anticipated caseloads and medicaid costs.

In late October, an action was filed in district court challenging the constitutionality of the statute authorizing gubernatorial budget reductions. The TRANS official statement contained this disclosure notice to potential investors:

> An individual has publicly stated that he will file an action in the near future, on behalf of a recently formed citizens group the members of which are yet to be named, seeking to enjoin budgetary cuts made by the Governor pursuant to Executive Order No. 28-91, and challenging the constitutionality of the law that authorizes the Governor to make such cuts, on the ground that it constitutes an unlawful delegation of legislative authority.
>
> The legislature has granted this same power to the governor in its general appropriation bills since 1971 and such authority was relied on in 1986 and 1987 by the previous governor to make budget cuts. The validity of the authorization has never before been challenged in Montana. Similar provisions have been held valid in some states and have been held invalid in certain other states, particularly where there is no legislative limitation on the governor's ability to reduce appropriations.
>
> If the suit is filed, the State will defend the constitutionality of the statute and believes that it will prevail in any litigation on this issue. However, no assurance as to the outcome of the litigation can be given at this time. The governor has stated that if an injunction is granted to prevent the budget cuts, and if it appears to the Governor's office that there are no alternatives available for managing the State's budget on a financially sound basis, the Governor will call a special session of the legislature.
>
> Some rural Montana school districts have announced that they may file an injunction seeking to restrain cuts to the amounts appropriated to the Office of Public Instruction for secondary vocational education. The schools contend that the proposed cuts represent a 44% reduction in the program over the biennium and that such a reduction is contrary to the budget reduction law that allows the Governor to reduce appropriations by 15%. In the process of reducing the appropriations (see Recent Financial Results--1992-1993 Biennium), no appropriation was reduced by more than 15%. In some instances, the Office of Budget and Program Planning relied on a reversion and set aside of certain appropriated funds whereby the State agency to which the funds were appropriated agreed not to expend the funds, and thus let them revert to the general fund at the end of the fiscal year or the biennium, as the case may be. The Office of Budget and Program Planning and the Office of Public Instruction are discussing alternatives to prevent the litigation. The amount at issue is $523,000. Even without this

amount, the Governor would still be able to meet the targeted budget reductions consistent with the 15% limitation.

Analysis of Fiscal 1993 Cash Flow

D of A's preliminary cashflow for fiscal 1993 (Attachment B), shows that the cashflow problems for the general fund, SEA, and highways account will all worsen in fiscal 1993. Based on OBPP's revised revenue estimates, even if the Governor imposes $36.5 million of "budget balancers" in fiscal 1993 ($5.4 million more than was imposed in fiscal 1992), the general fund will have only a $0.1 million cash balance at the end of fiscal 1993, the SEA will have no balance, and the highways accounts will have a $3.1 million cash deficit.[5] These balances assume that the general fund will have an $11.1 million loan from the highways account and the SEA will have an $83.2 million loan from the general fund.

The worsening position for all three accounts is illustrated on D of A's preliminary fiscal 1993 cashflow in the following ways:

1) the general fund will have a cash deficit in the first month of the fiscal year as a result of loans to the SEA. D of A will have to secure a loan for the general fund unless fiscal 1993 TRANS are sold prior to July 15, 1992.

2) the SEA will begin fiscal 1993 with a $54.8 million loan from the general fund and have to borrow up to $92.5 million in November 1992. At the end of June 1993, its general fund loan balance will be $83.2 million

---

[5] Excluding the $20 million minimum working balance. The cash balance is a positive $16.8 million if this balance is included.

(prior to the transfer of the general fund supplemental). D of A staff note that the SEA will be unlikely to repay this loan in full, even with the $48 million general fund supplemental, if the current statute requiring a 20 percent foundation program payment on July 15, 1993, remains in place.

3) the general fund will need a loan in order to repay the fiscal 1993 TRANS issue. While the attached cashflow shows an $11.1 million loan will be necessary to avoid a cash deficit at fiscal year end, D of A staff note that an estimated $30 million loan will be necessary to repay the loan in June. Since approximately $20 million of the revenues shown in the June column are actually received in July as part of the year-end closing, they will not be available as cash to repay the TRANS in June 1993.

4) there will be insufficient cash in the highways account to make the estimated $30 million loan to the general fund. As discussed above and shown in Attachment C, DOT and D of A staff anticipate that prior to any loans to the general fund, the highways account will have a cash balance of only $28 million at the end of fiscal 1993, including the $20 million DOT argues it must maintain as a minimum working cash balance. The estimated $30 million to the general fund would leave DOT with no working capital and could drive the account into a cash deficit, which is prohibited under state law.

D of A staff stress that this is a <u>preliminary</u> fiscal 1993 cashflow and does <u>not</u> include:

1) *Supplementals.* Table 6 shows the supplementals approved by the legislature for the last three biennia. During the 1987 biennium, supplementals

TABLE 6 General Fund Supplementals	
Legislative Session	Millions
1987	$25.8
1989	17.1
1991	19.9

were unusually high after the series of gubernatorial budget cuts in fiscal 1986 and 1987 and legislative budget reductions imposed during the 1986 special session. Medicaid, welfare, and foster care costs exceeded appropriated levels, requiring larger-than-usual supplementals. In order to fund the supplementals, the 1987 legislature transferred $35 million from the education trust fund to the general fund during fiscal 1987.

Any supplementals appropriated by the 1993 legislature will decrease the ending fund balance shown on D of A's cashflow.

2) *Other general fund loans.* While D of A's cashflow includes anticipated loans to the SEA, it includes only $1.2 million of the $4.9 million loan to the Department of Health and Environmental Sciences authorized in House Bill 2 and does not include the anticipated $0.7 million loan to begin planning for the women's prison.

3) *Long range building expenditures.* The cashflow does not include an anticipated $2.4 million in unexpended general fund appropriations authorized in House Bill 5 (the long-range building bill).

Outlook for the Future

The fiscal 1992 cashflow printed in the TRANS official statement and D of A's preliminary cashflow for fiscal 1993 project that the state's cash

position in three major accounts--the general fund, SEA, and highways accounts--will be at the lowest point in over a decade. As the analysis above suggests, these cashflow statements may overstate revenue and understate expenditures in some cases, resulting in the potential for even lower cash balances in the three accounts by the end of the biennium.

In order to ensure positive cashflow in the general fund in fiscal 1993, one or more of the following must occur:

1) revenues exceed OBPP's revised estimates;

2) expenditures be reduced by more than the $67.9 million of biennial Governor's budget reductions/adjustments shown on Attachments A and B;

3) the general fund must begin borrowing from funds other than the highways account. Since there are no other large accounts whose interest is deposited in the general fund, this would require borrowing from accounts that retain their own interest or from trust funds.

In addition, if D of A's projections are correct, the 1993 legislature will have to increase revenues or reduce expenditures in all three accounts in order to maintain positive cash balances in the 1995 biennium.

TOC3E:h:TRANS10-30.rpt

ATTACHMENT A

FY92 General Fund Cashflow Analysis Printed in TRANS Official Statement

STATE OF MONTANA
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR ENDING JUNE 30,1992
(in millions)

	Actual JULY	Actual AUGUST	Actual SEPT	Estimate OCTOBER	Estimate NOVEMBER	Estimate DECEMBER	Estimate JANUARY	Estimate FEBRUARY	Estimate MARCH	Estimate APRIL	Estimate MAY	Estimate JUNE	CURRENT TOTALS
BEGINNING BALANCE WITHOUT BORROWING	$16.4	$12.6	$18.5	($2.0)	$0.0	$2.7	$22.1	$49.0	$60.5	$31.6	$91.2	$79.0	$16.4
Revenues:													
Individual Income Tax	12.4	15.6	4.8	19.8	13.7	10.2	25.1	15.9	4.0	60.4	9.7	4.1	195.7
Investment Earnings	0.5	0.4	0.3	0.8	5.0	0.8	2.3	1.4	1.5	1.5	1.9	2.8	19.2
Corporation Income Tax	3.0	0.7	5.8	1.6	1.3	3.8	1.4	0.3	0.9	6.3	3.9	5.4	34.4
Oil Severance Tax	0.1	1.5	2.8	0.0	2.9	1.5	0.2	0.9	5.0	0.0	1.9	2.0	18.8
Coal Severance Tax	1.8	0.0	0.0	1.3	0.0	0.0	1.5	0.0	0.0	0.8	0.6	0.0	6.0
Insurance Premium Tax	0.0	0.1	0.0	4.0	0.2	0.1	4.2	0.0	0.1	1.0	3.1	6.6	19.4
Institution Cost Recovery	0.2	1.1	1.1	0.2	1.1	1.0	2.1	1.2	1.0	1.3	1.7	3.4	15.4
Other Revenues	3.8	5.1	3.9	5.3	5.0	5.9	4.8	7.3	8.1	6.0	5.8	8.6	69.6
Transfers-in	0.0	9.3	5.6	4.2	5.0	14.0	5.6	10.2	5.5	10.9	9.0	21.1	100.4
Other Receipts	3.8	4.9	2.1	5.0	4.9	1.8	2.2	1.8	1.9	5.5	2.2	1.8	37.9
TOTAL RECEIPTS	$25.6	$38.7	$26.4	$42.2	$39.1	$39.1	$49.4	$39.0	$28.0	$93.7	$39.8	$55.8	$516.8
Expenditures:													
Personal Services	4.6	11.6	11.0	15.4	10.4	10.9	9.6	10.9	11.6	15.9	10.6	15.1	137.6
Operating Expenses	1.5	3.9	4.2	3.8	3.8	4.1	3.7	3.3	2.9	3.2	4.9	3.5	42.8
Capital Outlay	0.0	0.7	0.2	0.4	0.2	0.0	0.0	0.1	0.2	0.2	0.1	0.2	2.3
Local Assistance	2.1	9.7	3.9	2.6	13.2	2.6	2.6	3.9	3.7	2.7	11.9	9.0	67.9
Grants	1.1	0.6	0.8	1.3	1.4	2.0	2.0	1.5	1.4	2.1	1.4	1.5	17.1
Benefits and Claims	6.4	7.0	8.2	7.4	7.1	6.0	5.7	7.5	7.6	7.6	7.8	9.7	88.0
Debt Service	0.0	0.1	0.2	0.1		0.2		0.0	0.4	0.0			1.0
Transfers-out	11.4	10.4	16.2	13.8	14.9	8.3	9.4	9.0	11.7	16.0	7.2	7.7	136.0
Other Disbursements	3.7	3.8	2.7	3.5	2.2	3.9	2.2	1.3	2.0	4.8	2.1	4.5	3[illegible]
TOTAL DISBURSEMENTS	$30.8	$47.8	$47.4	$48.3	$53.2	$38.0	$35.2	$37.5	$41.5	$52.5	$46.0	$51.2	$529.2
Governor's Imposed Budget Adjustments				2.0	2.0	2.0	3.2	3.2	3.2	3.2	3.2	7.7	29.7
EXCESS RECEIPTS/(EXPENDITURES)	($5.2)	($9.1)	($21.0)	($4.1)	($12.1)	$3.1	$17.4	$4.7	($10.3)	$44.4	($3.0)	$12.3	$17.3
Interfund Loans from General Fund (Net)	1.4	-5.0	-11.1	-6.3	-13.6	16.3	9.5	6.8	-18.6	15.2	-9.3	1.8	-12.9
ENDING BALANCE BEFORE BORROWING	$12.6	($1.5)	($13.6)	($12.4)	($25.6)	$22.1	$49.0	$60.5	$31.6	$91.2	$79.0	$93.1	$20.8
Net Temporary Loans													
Loans from Fuel Tax Account (Net)		20.0	11.6	12.4	-56.7								-12.7
Plus: TRANS Borrowing Outstanding					85.0								85.0
Less: TRANS Payment												-85.0	-85.0
NET TEMPORARY LOANS	0.0	20.0	11.6	12.4	28.3	0.0	0.0	0.0	0.0	0.0	0.0	-85.0	-12.7
ENDING CASH BALANCE	$12.6	$18.5	($2.0)	$0.0	$2.7	$22.1	$49.0	$60.5	$31.6	$91.2	$79.0	$8.1	$8.1
Borrowable Funds - Fuel Tax Account	74.0	71.0	67.0	65.0	63.0	59.0	62.0	64.0	66.0	66.0	65.0	47.0	
Loans Outstanding	12.7	32.7	44.3	56.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Balance Available	61.3	38.3	22.7	8.3	63.0	59.0	62.0	64.0	66.0	66.0	65.0	47.0	

June, 1991, inter-entity loan receivable from the Foundation Program is $43.63 million.
The Fuel Tax Account represents the most significant source of borrowable funds.
We estimate that other borrowable funds will be available to the General Fund at June 30, 1992 of approx. $100 mill. to $150 mill
June month-end includes adjustments for transactions recorded during the fiscal year-end cutoff period in July. These transactions primarily involve the transfer of cash associated with amounts due at 6/30 from other accounts to the General Fund.
Included in the June Transfers-out is a transfer of $6.7 to the Retirement Systems. This transfer is made under the provisions of of SB 226 which was passed by the 1991 Legislature. This payment is contingent upon the outcome of litigation as to whether any or all parts of this statute are constitutional.

ATTACHMENT B

Department of Administration
Preliminary FY93 General Fund Cashflow Analysis

STATE OF MONTANA
GENERAL FUND CASH FLOW ANALYSIS-ESTIMATED
FISCAL YEAR ENDING JUNE 30,1993
(in millions)

	JULY	AUGUST	SEPT	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTALS
BEGINNING BALANCE WITHOUT BORROWING	$8.1	$77.7	$74.7	$36.7	$31.8	$6.6	$21.3	$41.1	$49.3	$18.7	$82.8	$67.7	$8.1
Revenues:													
Individual Income Tax	16.8	13.6	5.0	20.0	13.9	10.2	25.3	16.0	4.0	60.7	9.8	4.2	199.5
Investment Earnings	0.1	0.7	1.4	0.6	4.9	0.7	2.2	1.2	1.5	1.3	1.8	2.6	19.0
Corporation Income Tax	1.0	1.2	5.0	1.7	1.3	4.0	1.5	0.3	0.9	6.7	4.2	5.7	33.5
Oil Severance Tax	0.0	2.4	0.3	0.0	3.0	1.6	0.2	0.9	5.2	0.0	2.0	2.1	17.7
Coal Severance Tax	1.7	0.0	0.0	1.3	0.0	0.0	1.5	0.0	0.0	0.8	0.6	0.0	5.9
Insurance Premium Tax	0.0	0.1	0.1	4.0	0.2	0.1	4.2	0.0	0.1	1.0	3.1	6.7	19.6
Institution Cost Recovery	0.1	0.3	0.2	0.2	1.0	1.0	2.1	1.1	1.0	1.2	1.7	3.3	13.2
Other Revenues	3.7	6.5	4.4	5.6	5.3	6.2	5.1	7.7	8.4	6.2	6.2	9.3	74.6
Transfers-in	0.0	6.3	3.3	4.3	5.1	14.5	5.7	10.5	5.7	11.2	9.3	21.7	97.6
Other Receipts	4.5	3.1	3.0	5.0	4.9	1.8	2.2	1.8	1.9	5.5	2.2	1.8	37.5
TOTAL RECEIPTS	27.9	34.2	22.7	42.7	39.6	40.1	50.0	39.5	28.7	94.6	40.9	57.4	$518.1
Expenditures:													
Personal Services	5.0	13.3	19.5	12.0	12.1	12.5	11.7	13.1	13.8	12.8	12.3	23.4	161.5
Operating Expenses	1.9	4.4	4.0	3.8	3.8	4.1	3.7	3.3	2.9	3.2	4.9	3.5	43.5
Capital Outlay	0.1	0.0	0.1	0.4	0.2	0.0	0.0	0.1	0.2	0.2	0.1	0.2	1.6
Local Assistance	8.7	2.6	2.6	2.6	13.2	2.6	2.6	3.9	3.7	2.7	11.9	9.0	66.1
Grants	1.2	1.5	2.9	1.3	1.4	2.0	2.0	1.5	1.4	2.1	1.4	1.5	20.2
Benefits and Claims	5.0	6.0	6.6	7.4	7.1	6.0	5.7	7.5	7.6	7.6	7.8	9.7	84.0
Debt Service				0.1		0.2		0.0	0.4	0.0			0.7
Transfers-out	11.8	8.5	16.6	13.8	14.9	8.3	9.4	9.0	11.7	16.0	10.9	1.0	131.9
Other Disbursements	3.8	3.6	2.1	3.5	2.2	3.9	2.2	1.3	2.0	4.8	2.1	4.5	35.9
TOTAL DISBURSEMENTS	37.5	39.9	54.4	44.9	54.9	39.6	37.3	39.7	43.7	49.4	51.4	52.8	$545.4
Governor's Imposed Budget Adjustments	3.5	3.5	3.6	2.5	2.6	2.5	2.6	2.5	2.6	2.5	2.6	5.5	$36.5
EXCESS RECEIPTS/(EXPENDITURES)	-6.1	-2.3	-28.1	0.3	-12.7	3.0	15.3	2.3	-12.4	47.7	-7.9	10.1	9.3
Interfund Loans from General Fund(Net)	-9.3	-0.7	-9.9	-5.3	-12.5	11.7	4.5	5.9	-18.2	16.4	-7.2	-3.8	($28.4)
ENDING BALANCE BEFORE BORROWING	($7.3)	$74.7	$36.7	$31.8	$6.6	$21.3	$41.1	$49.3	$18.7	$82.8	$67.7	$74.0	($11.1)
Net Temporary Loans													
Loans from Fuel Tax Account (Net)	0.0											11.1	$11.1
Plus: TRANS Borrowing Outstanding	85.0												$85.0
Less: TRANS Payment												-85.0	($85.0)
NET TEMPORARY LOANS	85.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-73.9	11.1
ENDING CASH BALANCE	$77.7	$74.7	$36.7	$31.8	$6.6	$21.3	$41.1	$49.3	$18.7	$82.8	$67.7	$0.1	$0.0
Borrowable Funds - Fuel Tax Account	47.0	43.0	37.0	34.0	32.0	27.0	29.0	30.0	31.0	30.0	28.0	8.0	
Loans Outstanding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.1	
Balance Available	47.0	43.0	37.0	34.0	32.0	27.0	29.0	30.0	31.0	30.0	28.0	-3.1	

10/25/91

Balance of Foundation Program Loan due at June 92 is $54.8, and $83.2 at June 93.
June month-end includes adjustments for transactions recorded during the fiscal year-end cutoff period in July. These transactions primarily involve the transfer of cash associated with amounts due at 6/30 from other accounts to the General Fund.

ATTACHMENT C

Department of Transportation's Highways Account Cashflow Projections FY92 - FY93

October 10, 1991

FY '92 Highway Special Revenue Fund (02422 A/E):

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
Beginning Working Cash Balance	$90,051,932	$73,639,764	$70,901,712	$66,749,755	$64,863,277	$63,221,269	$59,438,929	$61,942,830	$63,959,667	$66,098,302	$66,179,892	$64,803,996
Add: Total Working Cash Inflows	13,292,852	13,408,494	15,181,916	14,224,299	12,140,459	10,020,293	12,637,832	11,624,680	11,322,961	10,154,500	12,072,835	14,668,180
Available Working Cash	103,344,784	87,048,258	86,083,628	80,974,054	77,003,736	73,241,562	72,076,761	73,567,510	75,282,628	76,252,802	78,252,727	79,472,176
Less: Total Working Cash Outflows	9,705,020	16,146,546	19,333,873	16,110,777	13,782,467	13,802,633	10,133,931	9,607,843	9,184,326	10,072,910	13,448,731	32,517,020
Minimum Working Cash Balance	20,000,000	0	0	0	0	0	0	0	0	0	0	0
Ending Working Cash Balance	$73,639,764	$70,901,712	$66,749,755	$64,863,277	$63,221,269	$59,438,929	$61,942,830	$63,959,667	$66,098,302	$66,179,892	$64,803,996	$46,955,156

FY '93 Highway Special Revenue Fund (02422 A/E):

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
Beginning Working Cash Balance	$46,955,156	$47,191,569	$43,395,395	$37,230,352	$34,463,034	$32,109,673	$26,633,401	$28,691,721	$30,169,994	$30,696,536	$30,208,863	$27,720,929
Add: Total Working Cash Inflows	13,393,199	13,381,494	15,142,888	14,248,277	12,210,705	10,051,218	12,693,017	11,697,602	11,346,391	10,197,809	12,134,084	14,598,777
Available Working Cash	60,348,355	60,573,063	58,538,283	51,478,629	46,673,739	42,160,891	39,326,418	40,389,323	41,516,385	40,894,345	42,342,947	42,319,706
Less: Total Working Cash Outflows	13,156,786	17,177,668	21,307,931	17,015,595	14,564,066	15,527,490	10,634,697	10,219,329	10,819,849	10,685,482	14,622,018	34,442,004
Minimum Working Cash Balance	0	0	0	0	0	0	0	0	0	0	0	0
Ending Working Cash Balance	$47,191,569	$43,395,395	$37,230,352	$34,463,034	$32,109,673	$26,633,401	$28,691,721	$30,169,994	$30,696,536	$30,208,863	$27,720,929	$7,877,702